

Force senior reserve officer training programs, are failing to produce the required number of new officers.

As a result of the continuing recruiting shortfalls and reduced retention, senior military leaders find themselves compelled to deploy forces to crises and contingencies at manning levels well below the 100 percent or better standard that heretofore has been their goal. With reduced manning levels among the deployed forces, senior leaders are reluctantly accepting higher operational risks, reduced readiness and increased stress on both deployed and nondeployed forces.

The Subcommittee on Military Personnel conducted a number of hearings on recruiting and retention this spring. Although we learned that recruiting and retention are complex problems for which there are no simple solutions, a consistent theme among the military was a strong interest in participating in a tax deferred savings plan like the Federal Government's thrift savings plan. Today's military members like many in our society want to have control over their own retirement. They understand the value of saving and they want the benefits of tax deferred savings enjoyed by 45 million Americans participating in over 600,000 defined contribution retirement plans like the Federal Government's own TSP. While H.R. 1401 contains many compensation and policy initiatives to combat recruiting and retention problems, the one key piece that is not included at this point is the thrift savings plan. There is no doubt that the ability to participate in a thrift savings program will be a powerful tool in our fight to stabilize recruiting and retention programs.

The amendment being offered jointly by myself and the gentleman from Hawaii, the ranking member of the Subcommittee on Military Personnel, is a bare bones thrift savings program modeled after the savings program the Congress granted 965,000 Federal employees who qualify for a pension under the Civil Service Retirement System. The plan includes a maximum payroll contribution of 5 percent of basic pay with no government matching or automatic payments. We would add the ability to make contributions from special and incentive pays. But the participants would not be authorized to exceed contribution limits established by the tax code.

There is lost revenue associated with the deferral of taxes on the contributions and earnings. We did not include the TSP in the bill because we were still working on alternatives for addressing the direct spending question. The Joint Committee on Taxation estimates the direct spending incurred with this provision to be \$11 million in fiscal year 2000 and \$993 million through fiscal year 2009. This amendment addresses this pay-go requirement by making the provision contingent upon the President submitting and the Congress enacting qualified

offsetting legislation during the consideration of the fiscal year 2000 budget request.

I would like to compliment publicly the working relationship I have had with the gentleman from Hawaii (Mr. ABERCROMBIE). It has been a true pleasure in working to address our recruiting, our retention and the retirement concerns affecting the Nation's military.

Madam Chairman, a vote for this amendment is a vote for the people who serve this Nation in uniform. A vote for this amendment is a vote for military readiness. It is a vote for military retention. I urge my colleagues to support a military thrift savings plan.

Madam Chairman, I reserve the balance of my time.

Mr. ABERCROMBIE. Madam Chairman, I yield myself such time as I may consume.

I rise today in strong support of what the gentleman from Indiana (Mr. BUYER) has correctly characterized as a bipartisan amendment. I would think that we might even say that it is a nonpartisan amendment, to offer the thrift savings plan to our dedicated service members. As the senior Democrat on the Subcommittee on Military Personnel, I am extremely proud of the compensation package that we have put in this bill to help military personnel. This package addressed pay and retirement, as the gentleman from Indiana indicated, in a comprehensive fashion. May I add parenthetically, Madam Chairman, that I give full credit to the gentleman from Indiana for the really fabulous job that he, the staff and the other Members did with respect to making this truly comprehensive and far reaching.

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We were unable to include, as he indicated, a provision that we both viewed as critical not only to the military, but to the economic security of this Nation, the Thrift Savings Plan.

We have the lowest personal savings rate since 1950. Over the past year, the personal savings rate, the amount of savings divided by disposable income expressed as a percentage in this country, has been less than 1 percent. The savings rate in the country is important because it represents the resources that can be used to create, sustain or expand the Nation's capital. Savings represent the potential for long-term future growth and increase the national standard of living, and we want our military to be able to participate in it.

As a Nation, we should encourage all people to save, and, as an employer, the government is remiss if we do not offer that same opportunity to the military. Service members should be extended the same benefits as other Federal employees.

Madam Chairman, as my colleagues know, we, as Members of Congress, are permitted to participate in the Thrift Savings Plan, and we think that, at a

minimum, equity requires us to open up this process to members of the United States military. There are currently 1.4 million employees who do not have the employer-sponsored savings plan; that is the military. The military is the largest employer that does not offer a 401(k) plan. We do offer the benefit to Federal civilians, as I indicated, of the Thrift Savings Plan.

Extending this plan to the military will have a salutary effect on the economy. Participation in the Thrift Savings Plan is 86.1 percent of the FERS employees and 61.2 percent of the CRS employees. If only 61.2 percent of the people in the military were to participate, there would be 848,000 participants. This amounts to a total contribution of additional savings of almost \$1 billion over a 10-year period.

It is past overdue then for us to extend this benefit to the military and allow them the benefit from and contribute to the growth of the economy.

So I urge all my colleagues to support this amendment and reiterate, if I might, in this closing portion of these remarks that this is the product, this amendment is the product of a work effort which has characterized the Subcommittee on Military Personnel of the Committee on Armed Services from the beginning under the leadership of the gentleman from Indiana (Mr. BUYER) which was one of encouragement and cooperation not only extended to all Members, but extended to all members of the armed services who were invited to participate in our deliberations, and credit for that goes to the leadership of Mr. BUYER.

Madam Chairman, I yield 2 minutes to the gentleman from Connecticut (Mr. MALONEY) to speak on the amendment.

Mr. MALONEY of Connecticut. Madam Chairman, I rise to speak in support of this amendment and would like to start by commending the gentleman from Hawaii (Mr. ABERCROMBIE) and the gentleman from Indiana (Mr. BUYER) for proposing this amendment to provide the men and women of our military with an employer-sponsored 401(k)-style retirement plan. Indeed, as the gentleman from Hawaii (Mr. ABERCROMBIE) and the gentleman from Indiana (Mr. BUYER) have both said, the underlying bill makes major steps in regard to compensation and retirement; and I have heard already from people in the armed services and former members of the armed services their gratitude for the work that the subcommittee and the committee have done in regard to this matter.

This amendment, however, makes a good bill even better. This is a no-frills proposal that will allow military personnel to direct up to 5 percent of their own income, their money, into tax-deferred investment accounts without any direct expense to the Federal budget. Private citizens, Federal employees and Members of Congress currently enjoy this opportunity, and we should offer it to the dedicated personnel of our armed services.